

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2630 - SB 2657

March 11, 2012

SUMMARY OF BILL: Authorizes the city of Jonesborough to adopt an ordinance designating the boundaries of a Courthouse Square Revitalization and Tourism Development Zone, for the purpose of receiving a special allocation of state and local sales tax revenue, up to a maximum of \$495,000, for the sole purpose of maintaining and improving the viability of the development zone. Requires the Department of Finance & Administration (F&A) to certify the zone designated by the city of Jonesborough. F&A and the Department of Revenue (DOR) are authorized to adopt rules and regulations in accordance with the Uniform Administrative Procedures Act. Sets a repeal date of June 30, 2032.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue –

\$495,000/Recurring FY12-13 through FY31-32/Permissive

Increase Local Revenue –

\$495,000/Recurring FY12-13 through FY31-32/Permissive

Other Fiscal impact - Secondary economic impacts may occur as a result of this bill. Such impacts may be realized due to an increased business presence within the development zone. Due to multiple unknown factors, fiscal impacts directly attributable to such secondary economic impacts cannot be quantified with reasonable certainty.

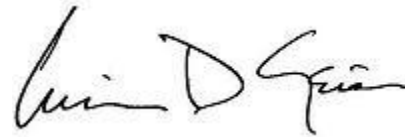
Assumptions:

- This bill is permissive to the city of Jonesborough.
- The local governing body is required to pass a resolution or ordinance designating the boundaries of the courthouse square revitalization and tourism development zone. It is assumed this business may be conducted during a regularly scheduled meeting.
- The city is then required to file an application seeking approval from F&A.
- Any fiscal impact to local governments associated with the filing of the application will not be significant.
- According to F&A, any cost associated with the provisions of this bill can be accommodated within existing resources of the Department without an increased appropriation or reduced reversion.

- This bill will authorize the city of Jonesborough a special allocation of sales tax revenue from the state to be designated for maintenance and improving the viability of the development zone.
- According to DOR, this bill will cause a recurring decrease in state revenue of \$495,000 with an equal corresponding recurring increase in local revenue.
- This special allocation of sales tax revenue will continue through FY31-32.
- There could be subsequent increases in state and local government revenue and expenditures due to secondary economic impacts prompted by passage of this bill. Increases in revenue may occur if the total number of businesses within the development zone occurs as a result of this bill. Increases in expenditures may occur if the demand for governmental programs and infrastructure increase as a result of an increased business presence within the development zone. Due to multiple unknown factors such as the extent and timing of such changes, the fiscal impacts directly attributable to such secondary economic impacts cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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